

House File 340 - Introduced

HOUSE FILE 340

BY KAUFMANN

A BILL FOR

1 An Act relating to public education funding by extending the
2 period of time for collecting sales tax for deposit in the
3 secure an advanced vision for education fund, authorizing
4 uses for revenues received from the fund, and authorizing
5 school districts to adopt a district cost per pupil budget
6 adjustment.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 257.2, subsection 2, Code 2017, is
2 amended by striking the subsection.

3 Sec. 2. NEW SECTION. 257.14A District cost per pupil equity
4 — budget adjustment.

5 1. The board of directors of a school district with a
6 regular program district cost per pupil that is less than the
7 highest regular program district cost per pupil among all
8 school districts in the state for the same budget year that
9 wishes to receive the budget adjustment under this section may
10 adopt a resolution by May 15 preceding the budget year and
11 shall notify the department of management of the amount of the
12 budget adjustment to be received, subject to the limitations
13 of subsection 2, paragraph "a".

14 2. a. For budget years beginning on or after July 1, 2018,
15 each school district that approved a budget adjustment under
16 subsection 1 shall receive a budget adjustment for that budget
17 year in an amount not to exceed the difference between the
18 school district's regular program district cost per pupil and
19 the highest regular program district cost per pupil among all
20 school districts in the state multiplied by the district's
21 weighted enrollment. The resolution adopted under subsection 1
22 may specify a budget adjustment amount that is less than the
23 maximum amount authorized under this paragraph "a".

24 b. The school district shall fund the budget adjustment
25 solely using moneys from its distribution of moneys received
26 from the secure an advanced vision for education fund under
27 section 423F.2. Amounts used to fund the budget adjustment may
28 be used for any school general fund purpose.

29 3. A budget adjustment received under this section shall
30 not affect the eligibility for or amount of any other budget
31 adjustment authorized by law for the same budget year. In
32 addition, a budget adjustment under this section shall be
33 limited to the budget year for which the adjustment was
34 authorized and shall not be included in any computation of a
35 school district's cost for any future budget year.

1 Sec. 3. Section 423.2, subsection 11, paragraph b,
2 subparagraph (3), Code 2017, is amended to read as follows:

3 (3) Transfer one-sixth of the remaining revenues to the
4 secure an advanced vision for education fund created in section
5 423F.2. This subparagraph (3) is repealed ~~December 31, 2029~~
6 effective January 1, 2050.

7 Sec. 4. Section 423.2, subsection 14, Code 2017, is amended
8 to read as follows:

9 14. The sales tax rate of six percent is reduced to five
10 percent on January 1, ~~2030~~ 2050.

11 Sec. 5. Section 423.5, subsection 5, Code 2017, is amended
12 to read as follows:

13 5. The use tax rate of six percent is reduced to five
14 percent on January 1, ~~2030~~ 2050.

15 Sec. 6. Section 423.43, subsection 1, paragraph b, Code
16 2017, is amended to read as follows:

17 **b.** Subsequent to the deposit into the general fund of
18 the state and after the transfer of such revenues collected
19 under [chapter 423B](#), the department shall transfer one-sixth of
20 such remaining revenues to the secure an advanced vision for
21 education fund created in [section 423F.2](#). This paragraph is
22 repealed ~~December 31, 2029~~ effective January 1, 2050.

23 Sec. 7. Section 423F.3, subsection 1, paragraph d, Code
24 2017, is amended to read as follows:

25 **d.** For any authorized school infrastructure purpose or
26 project of the school district as defined in [subsection 6](#).

27 Sec. 8. Section 423F.3, subsection 3, paragraph b, Code
28 2017, is amended to read as follows:

29 **b.** If the board of directors intends to use funds for
30 purposes or projects other than those listed in paragraph
31 "a", or change the use of funds to purposes or projects other
32 than those listed in paragraph "a", the board shall adopt a
33 revenue purpose statement or amend an existing revenue purpose
34 statement, subject to approval of the electors, listing the
35 proposed use of the funds. School districts shall submit the

1 statement to the voters no later than sixty days prior to the
2 expiration of any existing revenue purpose statement or change
3 in use not included in the existing revenue purpose statement.

4 Sec. 9. Section 423F.3, subsection 6, Code 2017, is amended
5 by adding the following new paragraph:

6 NEW PARAGRAPH. *0d.* For school budget years beginning on or
7 after July 1, 2018, "school infrastructure" includes any of the
8 following:

- 9 (1) School district transportation costs.
10 (2) Costs of funding a district cost per pupil equity budget
11 adjustment under section 257.14A.
12 (3) Costs incurred by the school district to administer
13 assessments required under section 256.7 subsection 21,
14 paragraph "b", subparagraphs (1) and (2).

15 Sec. 10. Section 423F.3, subsection 7, Code 2017, is amended
16 to read as follows:

17 7. The general assembly shall not alter the purposes for
18 which the revenues received under **this section** may be used from
19 infrastructure and purposes, property tax relief purposes,
20 and budget adjustment purposes under section 257.14A to any
21 other purpose unless the bill is approved by a vote of at least
22 two-thirds of the members of both chambers of the general
23 assembly and is signed by the governor.

24 Sec. 11. Section 423F.6, Code 2017, is amended to read as
25 follows:

26 **423F.6 Repeal.**

27 This chapter is repealed ~~December 31, 2029~~ effective January
28 1, 2050.

29 Sec. 12. IMPLEMENTATION. The approval requirement of
30 section 423F.3, subsection 7, Code 2017, shall not apply to
31 this Act.

32 EXPLANATION

33 The inclusion of this explanation does not constitute agreement with
34 the explanation's substance by the members of the general assembly.

35 This bill relates to public education funding by extending

1 the period of time for collecting sales tax for deposit in
2 the secure an advanced vision for education (SAVE) fund,
3 authorizing uses for funding received from the fund, and
4 authorizing school districts to adopt a district cost per pupil
5 equity budget adjustment.

6 Code section 423.2 imposes a state tax of 6 percent upon
7 the sales price of all sales of tangible personal property,
8 consisting of goods, wares, merchandise, and other items
9 designated by statute, sold at retail in the state to
10 consumers, unless specifically exempted by statute. Generally,
11 by operation of law, a sale subject to the sales tax is also
12 subject to the use tax. Following the transfer of amounts
13 required by statute, if applicable, one-sixth of the remaining
14 state sales tax revenue from the 6 percent tax is transferred
15 to the SAVE fund created in Code section 423F.2. Moneys in
16 the SAVE fund are allocated to school districts on a per pupil
17 basis to be used for infrastructure and property tax relief
18 purposes specified in Code chapter 423F. Under current law,
19 the sales tax rate of 6 percent is reduced to 5 percent on
20 January 1, 2030, and Code chapter 423F, along with other
21 corresponding provisions, is repealed December 31, 2029.

22 This bill extends the 6 percent sales tax rate, the
23 allocation to the SAVE fund, and the statutory repeal of Code
24 chapter 423F until January 1, 2050.

25 The bill establishes a district cost per pupil equity budget
26 adjustment. The board of directors of a school district with
27 a regular program district cost per pupil that is less than
28 the highest regular program district cost per pupil among all
29 school districts in the state for the same budget year may
30 annually adopt a resolution to receive the budget adjustment
31 authorized in the bill.

32 For budget years beginning on or after July 1, 2018,
33 an eligible school district that has approved the budget
34 adjustment shall receive a budget adjustment in an amount not
35 to exceed the difference between the school district's regular

1 program district cost per pupil and the highest regular program
2 district cost per pupil among all school districts in the state
3 multiplied by the district's weighted enrollment. The bill
4 requires the school district to fund the budget adjustment by
5 using moneys received from the SAVE fund. Amounts used to fund
6 the budget adjustment may be used for any school general fund
7 purpose.

8 The bill specifies that the budget adjustment received does
9 not affect the eligibility for or amount of any other budget
10 adjustment authorized by law for the same budget year and that
11 the amount of the budget adjustment shall not be included in
12 any computation of a school district's cost for any future
13 budget year.

14 As part of the restrictions on the use of revenues received
15 from the SAVE fund, Code section 423F.3 defines "school
16 infrastructure". The bill authorizes additional purposes for
17 which a school district may use funds received from the SAVE
18 fund by modifying the definition of "school infrastructure".
19 Those additional purposes are: (1) transportation costs of
20 a school district; (2) costs of funding a district cost per
21 pupil equity budget adjustment, as authorized in the bill; and
22 (3) costs incurred by a school district to administer certain
23 student achievement assessments.

24 Code section 423F.3, subsection 7, provides that the general
25 assembly shall not alter the purposes for which SAVE fund
26 revenues received may be used from infrastructure and property
27 tax relief purposes to any other purpose unless the bill is
28 approved by a vote of at least two-thirds of the members of
29 both chambers of the general assembly and is signed by the
30 governor. The bill specifies that such approval requirement
31 does not apply to the bill.